
State: District of Columbia **Filing Company:** Assurity Life Insurance Company
TOI/Sub-TOI: H07I Individual Health - Specified Disease - Limited Benefit/H07I.001 Critical Illness
Product Name: Ind WL PRO - DI & CI Rates
Project Name/Number: Ind WL PRO - DI & CI Forms/Ind WL PRO - DI & CI Forms

Filing at a Glance

Company: Assurity Life Insurance Company
Product Name: Ind WL PRO - DI & CI Rates
State: District of Columbia
TOI: H07I Individual Health - Specified Disease - Limited Benefit
Sub-TOI: H07I.001 Critical Illness
Filing Type: Rate
Date Submitted: 01/14/2014
SERFF Tr Num: SEFL-129374825
SERFF Status: Pending Industry Response
State Tr Num:
State Status:
Co Tr Num: IND WL PRO - DI & CI RATE

Implementation
Date Requested:
Author(s): Kristi Hendrickson
Reviewer(s): Darniece Shirley (primary), Alula Selassie, Donghan Xu
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

State:	District of Columbia	Filing Company:	Assurity Life Insurance Company
TOI/Sub-TOI:	H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness		
Product Name:	Ind WL PRO - DI & CI Rates		
Project Name/Number:	Ind WL PRO - DI & CI Forms/Ind WL PRO - DI & CI Forms		

General Information

Project Name: Ind WL PRO - DI & CI Forms	Status of Filing in Domicile: Authorized
Project Number: Ind WL PRO - DI & CI Forms	Date Approved in Domicile: 10/18/2013
Requested Filing Mode: Review & Approval	Domicile Status Comments: Approved
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact:	Filing Status Changed: 01/28/2014
	State Status Changed:
Deemer Date:	Created By: Kristi Hendrickson
Submitted By: Kristi Hendrickson	Corresponding Filing Tracking Number:

Filing Description:

Form Numbers – Form Title

R W1319 (DC) – Accident-Only Disability Income Rider

R W1323 (DC) – Critical Illness Rider

The rates for the above forms are new and when approved will replace the following forms that are available with ICC10 W L1001 (which is being replaced by ICC13 W L1305):

Form Number Title Approval Date Filing No.

R WA201 Short-Term Disability Income Rider 04/11/2006

R W1006 (DC) Critical Illness Benefit Rider 12/02/2010 SEFL-126813688

Form R W1319 (DC) (Accident-Only Disability Income Rider) is a rider that provides for monthly payments if the insured of the base policy is disabled due to an accident. It is only available with policy form ICC13 W L1305 approved 11/27/2013 by the Interstate Compact under SEFL-129196759.

Form R W1323 (DC) (Critical Illness Rider) is a rider that provides a lump sum payment if an insured is diagnosed with a specified critical illness. It is only available with policy form ICC13 W L1305 approved 11/27/2013 under the Interstate Compact under SEFL-129196759.

Company and Contact

Filing Contact Information

Kristi Hendrickson, Policy Filing Specialist	policyfiling@assurity.com
P.O. Box 82533	402-437-3452 [Phone]
Lincoln, NE 68501-2533	402-437-3802 [FAX]

Filing Company Information

Assurity Life Insurance Company	CoCode: 71439	State of Domicile: Nebraska
P.O. Box 82533	Group Code:	Company Type: Life/Health
Lincoln, NE 68501-2533	Group Name:	State ID Number:
(800) 276-7619 ext. [Phone]	FEIN Number: 38-1843471	

Filing Fees

State: District of Columbia **Filing Company:** Assurity Life Insurance Company
TOI/Sub-TOI: H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness
Product Name: Ind WL PRO - DI & CI Rates
Project Name/Number: Ind WL PRO - DI & CI Forms/Ind WL PRO - DI & CI Forms

Fee Required? No

Retaliatory? No

Fee Explanation:

SERFF Tracking #:	SEFL-129374825	State Tracking #:		Company Tracking #:	IND WL PRO - DI & CI RATE
State:	District of Columbia	Filing Company:	Assurity Life Insurance Company		
TOI/Sub-TOI:	H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness				
Product Name:	Ind WL PRO - DI & CI Rates				
Project Name/Number:	Ind WL PRO - DI & CI Forms/Ind WL PRO - DI & CI Forms				

Rate Information

Rate data applies to filing.

Filing Method:	0
Rate Change Type:	Neutral
Overall Percentage of Last Rate Revision:	0.000%
Effective Date of Last Rate Revision:	
Filing Method of Last Filing:	0

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Assurity Life Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

State:	District of Columbia	Filing Company:	Assurity Life Insurance Company
TOI/Sub-TOI:	H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness		
Product Name:	Ind WL PRO - DI & CI Rates		
Project Name/Number:	Ind WL PRO - DI & CI Forms/Ind WL PRO - DI & CI Forms		

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Appendix 1	R W1319 (DC)	New		Act Memo (DI rider - Indiv) Rates Only.pdf,
2		Appendix 1	R W1323 (DC)	New		Act Memo (CI rider - Indiv) Rates Only.pdf,

Appendix 1

Premiums Assurity Life Insurance Company Rider Form R W1319

Accident-Only Disability Income Rider On and Off-the-Job Accidents Per \$100 of Monthly Benefit	
Annual Premium	
6-Month BP	18.05
12-Month BP	23.72

Appendix 1

Premiums Assurity Life Insurance Company Rider Form R W1323

Critical Illness Rider Annual Premiums per \$5,000 Benefit				
Issue Age	Employee only	EE and Spouse	EE and Child	Family
18-39	13.22	26.51	16.64	30.43
40-49	52.88	107.28	56.63	111.13
50-59	101.86	209.02	105.53	212.63
60	166.13	345.57	171.80	348.90

State:	District of Columbia	Filing Company:	Assurity Life Insurance Company
TOI/Sub-TOI:	H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness		
Product Name:	Ind WL PRO - DI & CI Rates		
Project Name/Number:	Ind WL PRO - DI & CI Forms/Ind WL PRO - DI & CI Forms		

Supporting Document Schedules

Bypassed - Item:	Cover Letter All Filings
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Certificate of Authority to File
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	Act Memo (CI rider - Indiv).pdf Act Memo (DI rider - Indiv).pdf
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Justification
Bypass Reason:	ok
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	n/a
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	

State:	District of Columbia	Filing Company:	Assurity Life Insurance Company
TOI/Sub-TOI:	H071 Individual Health - Specified Disease - Limited Benefit/H071.001 Critical Illness		
Product Name:	Ind WL PRO - DI & CI Rates		
Project Name/Number:	Ind WL PRO - DI & CI Forms/Ind WL PRO - DI & CI Forms		

Status Date:	
Bypassed - Item:	Actuarial Memorandum and Certifications
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

ASSURITY LIFE INSURANCE COMPANY

ACTUARIAL MEMORANDUM

CRITICAL ILLNESS RIDER

Rider Form R W1323

PURPOSE AND SCOPE

The purpose of this filing is to demonstrate that the anticipated loss ratio for this Critical Illness rider meets applicable statutory requirements and to provide documentation of actuarial methods and assumptions used in pricing this rider. This filing may not be appropriate for other purposes.

Appendix 1 presents annual premiums for this rider.

DESCRIPTION OF BENEFITS

The following benefit summary outlines the coverage provided by the Rider Form R W1323.

Assurity Life Insurance Company Critical Illness Rider R W1323 Benefit Summary			
Category	Specific Critical Illness	Percentage of Benefit Amount Payable for each Specified Critical Illness	Maximum Percentage of Benefit Amount for Category
Category 1	Heart Attack	100%	100%
	Stroke	100%	
Category 2	Invasive Cancer	100%	100%
	Cancer in Situ	25% (payable once per lifetime)	

This description of benefits is only a summary and is not intended to describe all benefits in full detail. It does not detail policy exclusions, limitations or other related provisions. See the rider form for a full description.

RENEWABILITY

This rider is guaranteed renewable to age 70.

APPLICABILITY

The premiums in this filing are for the Critical Illness rider. This is a new rider form.

MORBIDITY BASIS

Claim costs were developed by issue age based on the prescribed benefits and frequencies developed from several sources including the American Heart Association, the Medstat database, several state hospital inpatient and ambulatory data bases, the *American Journal of Cardiology*, *Post Graduate Medicine*, *Cardiology*, *Cancer Facts*, *Milliman Health Cost Guidelines*, and company experience.

Milliman's MG-ALFA pricing and actuarial projection model was used to develop and test gross premiums based on the present values of premiums, expenses, and commissions using a 5.5% annual discount rate. Key assumptions are listed below.

Adjustments were made as necessary to population data in certain instances. For example, population rates of heart attacks and strokes were adjusted to reflect the first diagnosis of such conditions only. Since heart attack and stroke are in the same benefit category, an adjustment was made to reduce the incidence for those that have both a heart attack and a stroke. Exposure adjustments were made to prevent re-exposing someone who is diagnosed with a condition within a benefit category from being exposed to that same condition again. First occurrence rates for invasive cancer and breast cancer were based on 2000 – 2003 Surveillance Epidemiology and End Results (SEER) data. The SEER data is more current than the 1985 NAIC tables and shows higher incidence rates at older ages than the 1985 NAIC tables. At younger ages the 1985 table incidence rates appear much too high as compared to the historical SEER data over several decades. A comparison of the SEER data to the 1985 NAIC tables is shown in the following table.

Invasive Cancer Incidence Rates per 100,000								
	Male				Female			
Age	1985 NAIC	'73 – '74 SEER	'92 – '93 SEER	'00 – '03 SEER	1985 NAIC	'73 – '74 SEER	'92 – '93 SEER	'00 – '03 SEER
0 – 14	NA	14.2	14.8	15.8	NA	11.4	13.0	14.1
14 – 34	59.9	31.1	45.7	40.0	143.3	42.7	48.4	54.0
35 – 44	141.5	103.5	141.5	117.1	340.6	216.0	209.4	213.8
45 – 54	404.5	337.7	390.4	391.8	587.1	496.0	494.6	484.5
55 – 64	992.6	898.0	1,250.7	1,224.9	953.0	849.6	916.6	927.1
65 – 74	1,882.8	1,868.2	2,926.9	2,567.4	1,270.7	1,161.3	1,475.7	1,501.0
75+	2,450.9	2,896.3	3,893.0	3,263.2	1,532.5	1,510.8	1,909.4	1,941.3

MORTALITY AND PERSISTENCY

Mortality is based on '75-'80 ultimate mortality tables and lapses are assumed to be 35%, 27%, 20%, 15%, 11%, and 10% for policy years 1, 2, 3, 4, 5, and 6+, respectively.

EXPENSES

- Commissions: 90% first year, 6% years 2-10, and 2% thereafter
- Expenses as a Percent of Premium: 4%
- Expenses as a Percent of Claims: 4%
- Expenses Per Policy: \$30 first year, \$15 thereafter increasing at 3% per year

MARKETING

This rider will be sold through agents primarily to employees at an employer's worksite.

UNDERWRITING

The rider is offered with very minimal underwriting, so the selection factor is 1.0 in all policy years.

PREMIUM CLASSES

Premiums for Rider Form R W1323 are based on assumptions listed in the 'Distribution of Business' section of this memorandum. These premiums vary by age bracket and type of contract (employee, spouse, single parent, or family). Premiums are based on issue age.

ISSUE AGE RANGE

This rider is available to qualified applicants age 18-60.

AREA FACTORS

Premium rates for this rider do not vary by area.

AVERAGE ANNUAL PREMIUM

The average annual premium per rider is estimated to be \$66.

PREMIUM MODALIZATION RULES

Appendix 1 shows annual premiums. Other modes of premium are available including, but not limited to, quarterly, semi-annual, monthly, bi-weekly and weekly. There is no surcharge for premium modes other than annual.

CLAIM LIABILITY AND RESERVES

Since this is a new rider, there are no claim liabilities and reserves to consider.

ACTIVE LIFE RESERVES

For premium development, policy reserves are based on ultimate claim costs used in pricing, 1980 CSO mortality 50/50 male/female, 4% interest and a two year preliminary term basis. For valuation purposes, reserves at least as great as the statutory minimum basis will be used.

NET INVESTMENT EARNINGS RATE

The annual net investment earnings rate is assumed to be 5.5% in all years. This rate is used to earn interest on unearned premium, active life and claim reserves and as a discount rate to determine present values.

TREND ASSUMPTION

Since the benefits are fixed, no trend assumption was used in claim costs for premium development.

MINIMUM LOSS RATIO

The minimum loss ratio is 55% for individual guaranteed renewable Critical Illness forms.

ANTICIPATED LOSS RATIO

Based on a projection of financial results for the policy forms covered by this memorandum, covering the period from date of issue over the policy lifetime, the anticipated loss ratio of 60.8% is expected to exceed the minimum 55%. Loss ratio as used here means the ratio of the present value of paid claims to the present value of premiums received with present values taken over the life of the policy.

DISTRIBUTION OF BUSINESS

Issue Age Distribution	Pivotal Age	Distribution
18-39	28	56%
40-49	45	22%
50-60	54	22%

Member Distribution	Distribution
Employee	60%
Spouse	15%
Parent	15%
Family	10%

Average Benefit
\$6,250

CONTINGENCY AND RISK MARGIN

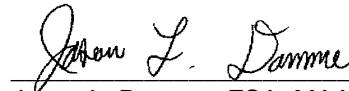
A 10% of premium contingency and risk margin is assumed.

ACTUARIAL CERTIFICATION

I, Jason L. Damme, am an actuary at Assurity Life Insurance Company, and am a member of the American Academy of Actuaries and meet its Qualification Standards for Statements of Actuarial Opinion.

In my opinion, to the best of my knowledge and judgment the benefits provided are reasonable in relation to the proposed premiums. Based on a projection of financial results for the rider form covered by this memorandum, covering the period from date of issue over the policy lifetime, the anticipated loss ratio of 60.8% will exceed the minimum loss ratio of 55%. Loss ratio as used here means the ratio of the present value of paid claims to the present value of premiums received with present values taken over the life of the policy.

The actuarial methods, considerations, and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, whose standards form the basis of this statement of opinion.



Jason L. Damme, FSA, MAAA

September 27, 2013
Date

Associate Actuary, Product Management
Assurity Life Insurance Company

Appendix 1

Premiums Assurity Life Insurance Company Rider Form R W1323

Critical Illness Rider Annual Premiums per \$5,000 Benefit				
Issue Age	Employee only	EE and Spouse	EE and Child	Family
18-39	13.22	26.51	16.64	30.43
40-49	52.88	107.28	56.63	111.13
50-59	101.86	209.02	105.53	212.63
60	166.13	345.57	171.80	348.90

ASSURITY LIFE INSURANCE COMPANY

ACTUARIAL MEMORANDUM

ACCIDENT-ONLY DISABILITY INCOME RIDER

Rider Form R W1319

PURPOSE AND SCOPE

The purpose of this filing is to demonstrate that the anticipated loss ratio for this Disability Income rider meets applicable statutory requirements and to provide documentation of actuarial methods and assumptions used in pricing this rider. This filing may not be appropriate for other purposes.

Appendix 1 presents annual premiums for this rider.

DESCRIPTION OF BENEFITS

Rider R W1319 provides 24 hour accident-only disability income coverage (on and off the job) with monthly benefit options of \$600 or \$1,200, an elimination period of seven days and benefit periods of either 6 or 12 months for the employee only. See the rider form for a full description of rider exclusions, limitations, and other related provisions.

RENEWABILITY

This rider is guaranteed renewable to age 65.

APPLICABILITY

The premiums in this filing are for the Disability Income rider. This is a new rider form.

MORBIDITY BASIS

Claim costs were developed by attained age based on the prescribed benefits and accident frequencies developed from several sources including Injury Facts 2000 Edition, state hospital inpatient and ambulatory bases which identified injury codes, and the Milliman 2005 *Health Cost Guidelines*.

Milliman's MG-ALFA pricing and actuarial projection model was used to develop and test gross premiums based on the present values of premiums, expenses, and commissions using a 5.5% annual discount rate. Key assumptions are listed below.

MORTALITY AND PERSISTENCY

Mortality is based on '75 - '80 ultimate mortality tables and lapses are assumed to be 25%, 20%, 16.5%, 13%, 11%, and 10% for policy years 1, 2, 3, 4, 5, and 6+, respectively.

EXPENSES

- a. Commissions: 90% first year, 6% years 2-10, and 2% thereafter
- b. Expenses as a Percent of Premium: 4%
- c. Expenses as a Percent of Claims: 4%
- d. Expenses Per Policy: \$30 first year, \$15 thereafter increasing at 3% per year

MARKETING

This rider will be sold through agents primarily to employees at an employer's worksite.

UNDERWRITING

There is minimal underwriting because the rider covers disability due to accidents only.

PREMIUM CLASSES

Premiums for the Accident-Only Disability Rider Form R W1319 (24 hour) vary by benefit period and monthly benefit.

ISSUE AGE RANGE

This rider can be issued to qualified applicants age 18-60.

AREA FACTORS

Premium rates for this rider do not vary by area.

AVERAGE ANNUAL PREMIUM

The average annual premium per rider is estimated to be \$175.

PREMIUM MODALIZATION RULES

Appendix 1 shows annual premiums. Other modes of premium are available including, but not limited to, quarterly, semi-annual, monthly, bi-weekly, and weekly. There is no surcharge for premium modes other than annual.

CLAIM LIABILITY AND RESERVES

Since this is a new rider, there are no claim liabilities and reserves to consider.

ACTIVE LIFE RESERVES

For premium development, policy reserves are based on ultimate claim costs used in pricing, 1980 CSO mortality 50 / 50 male / female, 4% interest, and a two year preliminary term basis. For valuation purposes, reserves at least as great as the statutory minimum basis will be used.

NET INVESTMENT EARNINGS RATE

The annual net investment earnings rate is assumed to be 5.5% in all years. This rate is used to earn interest on unearned premium, active life and claim reserves, and as a discount rate to determine present values.

TREND ASSUMPTION

Since the benefits are fixed, no trend assumption was used in claim costs for premium development.

MINIMUM LOSS RATIO

The minimum loss ratio is based on the NAIC model guideline for filing of rates for individual health insurance forms, which is 50% for guaranteed renewable loss of income and other coverages.

ANTICIPATED LOSS RATIO

Based on a projection of financial results for the policy forms covered by this memorandum, covering the period from date of issue over the policy lifetime, the anticipated loss ratio of 61.9% will exceed the minimum loss ratio of 50%. Loss ratio as used here means the ratio of the present value of paid claims to the present value of premiums received with present values taken over the life of the policy.

DISTRIBUTION OF BUSINESS

Issue Age Distribution	Pivotal Age	Distribution
18 - 24	22	10%
25 - 29	27	13%
30 - 34	32	12%
35 - 39	37	11%
40 - 44	42	14%
45 - 49	47	15%
50 - 54	52	14%
55 - 60	57	11%
Composite	42	100.0%

Other Distributions	
Female	50.0%
Male	50.0%
\$600 Benefit	50.0%
\$1,200 Benefit	50.0%
6-month Benefit Period	75.0%
12-month Benefit Period	25.0%

CONTINGENCY AND RISK MARGIN

A 10% of premium contingency and risk margin is assumed.

SAMPLE ANNUAL CLAIM COSTS

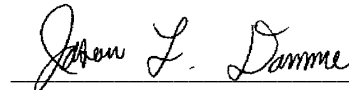
Accident-Only Disability Income Rider On and Off-the-Job Accidents Per \$100 of Monthly Benefit 6 month Benefit Period		
Age at Disability	Male	Female
22	\$14.12	\$9.18
32	\$14.43	\$9.73
42	\$12.84	\$9.83
52	\$11.40	\$10.07
62	\$9.67	\$10.65

ACTUARIAL CERTIFICATION

I, Jason L. Damme, am an actuary at Assurity Life Insurance Company, and am a member of the American Academy of Actuaries and meet its Qualification Standards for Statements of Actuarial Opinion.

In my opinion, to the best of my knowledge and judgment the benefits provided are reasonable in relation to the proposed premiums. Based on a projection of financial results for the rider form covered by this memorandum, covering the period from date of issue over the policy lifetime, the anticipated loss ratio of 61.9% will exceed the minimum loss ratio of 50%. Loss ratio as used here means the ratio of the present value of paid claims to the present value of premiums received with present values taken over the life of the policy.

The actuarial methods, considerations, and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, whose standards form the basis of this statement of opinion.



Jason L. Damme, FSA, MAAA

September 27, 2013
Date

Associate Actuary, Product Management
Assurity Life Insurance Company

Appendix 1

Premiums Assurity Life Insurance Company Rider Form R W1319

Accident-Only Disability Income Rider On and Off-the-Job Accidents Per \$100 of Monthly Benefit	
Annual Premium	
6-Month BP	18.05
12-Month BP	23.72